



HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS SUPERANNUATION SECTOR

AON Hewitt

AON116QW: In dollar terms, how much advertising space did your fund book (directly or indirectly through a broker or agent) in the second half of 2020 that was unused on:

- a. radio?
- b. television?
- c. print?

Answer:

As smartMonday does not advertise using radio, television or print, no space was booked by the fund and therefore, no space was unused.



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AON Hewitt

AON117QW: In minutes, how much advertising space did your fund book (directly or indirectly through a broker or agent) in the second half of 2020 that was unused on:

- a. radio?
- b. television?
- c. print?

Answer:

As smartMonday does not advertise using radio, television or print, no space was booked by the fund and therefore, no space was unused.



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AON Hewitt

AON118QW: Please complete the table for the last five financial years outlining your financial contribution to Industry Super Australia.

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Contribution (\$)					

Answer:

The fund has not contributed to Industry Super Australia.

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AON Hewitt

AON119QW: What is your current policy on whether your funds are permitted to invest in:

- a. residential property?
- b. Build-to-Rent housing?
- c. social housing?

Answer:

The fund is permitted to invest in all property categories.

The trustee has not approved a specific allocation to investment in these property categories.

The trustee has approved an allocation to generalist property funds who may in turn hold a small exposure in these property categories. The decision for the generalist property funds to invest in these categories is solely made by the issuer of those funds, and cannot be influenced by the trustee.



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AON Hewitt

AON120QW: What data do you have on the home ownership rates of fund members?

Answer:

We do not hold home ownership information about fund members.

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AON Hewitt

AON121QW: Have you ever:

- a. completed *internal* research that includes retirement outcomes for fund members who own their home in retirement, compared to those who do not?
- b. commissioned *external* research that includes retirement outcomes for fund members who own their home in retirement, compared to those who do not?

Answer:

- a. We have modelled retirement outcome for retirees that own their own home vs those who do not own their home (referencing the different rates of age pension for each class). This has been generic modelling and has not referenced data from actual fund members. If data on fund member home ownership becomes available we would look to undertake actual member level research.
- b. No

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AON Hewitt

AON122QW: For the last five financial years, please complete the table for the average return on all your investments.

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Average return (%)					

Answer:

The below returns are for all members invested in the Aon MySuper Option. As this Option is a lifecycle strategy the aggregate returns consolidate members investing high return/high risk portfolios with members in low risk/low return portfolios, and everything in between.

As a result the average returns do not reflect the experience of any specific group of members. We recommend extreme care when comparing the average below with other results of other funds.

These average returns have been calculated by asset weighting the MySuper annual return information provided by Aon to APRA. This source information can be viewed at <https://www.apra.gov.au/quarterly-superannuation-statistics>.

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Average return (%)	2.22	8.82	8.86	9.45	-1.40

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AON Hewitt

AON123QW: For the last five financial years, please complete the table for investments across all your funds in all forms of residential property:

- a. in nominal value
- b. as a share of your total portfolio
- c. the average return on investment

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Nominal value (\$)					
Share of portfolio (%)					
Average return (%)					

Answer:

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Nominal value (\$)	Nil	Nil	Nil	Nil	Nil
Share of portfolio (%)					
Average return (%)					

The direct allocation to residential property is nil for all periods. The fund has invested in listed property securities over the past 5 years. Given the composition of the A-REIT and global REITS indices the indirect allocation to residential property is nil or immaterial.

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AON Hewitt

AON124QW: For the last five financial years, please complete the table for investments across all your funds in Build-to-Rent property:

- a. in nominal value
- b. as a share of your total portfolio
- c. the average return on investment.

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Nominal value (\$)					
Share of portfolio (%)					
Average return (%)					

Answer:

The direct allocation to Build-to-Rent property is nil for all periods. The fund has invested in listed property securities over the past 5 years. Given the composition of the A-REIT and global REITS indices the indirect allocation to Build-to-Rent property is nil or immaterial.

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AON Hewitt

AON125QW: For the last five financial years, please complete the table for investments across all your funds in social housing property:

- a. in nominal value
- b. as a share of your total portfolio
- c. the average return on investment.

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Nominal value (\$)					
Share of portfolio (%)					
Average return (%)					

Answer:

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Nominal value (\$)	Nil	Nil	Nil	Nil	Nil
Share of portfolio (%)					
Average return (%)					

The direct allocation to social housing property is nil for all periods. The fund has invested in listed property securities over the past 5 years. Given the composition of the A-REIT and global REITS indices the indirect allocation to social housing property is nil or immaterial.



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AON Hewitt

AON126QW: Please outline your policy on:

- a. Fund members using their superannuation fund for a deposit to buy their first home.
- b. Retirees using their superannuation to:
 - i. renovate their home
 - ii. pay rent.

Answer:

The Fund does not have a policy on either of these items and we do not advocate how members could or should utilise their superannuation savings.

- a. The Fund can facilitate the Government's First Saver Super Scheme. A factsheet on how the Scheme works is available on our Fund website.
- b.
 - i. The Fund provides access to superannuation savings where the member has met a condition of release. We do not seek information from the member on how these funds will be utilised.
 - ii. The Fund provides access to superannuation savings where the member has met a condition of release. We do not seek information from the member on how these funds will be utilised.

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AON127QW: Within your fund, what percentage of retirees in each of the last five financial years used their superannuation to:

- a. renovate their home?
- b. clear their remaining mortgage?

Financial year	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020
Super used for renovations (%)					
Super used to clear mortgage (%)					

Answer:

- a. We do not collect information from members on how they have or will utilise their superannuation savings.
- b. We do not collect information from members on how they have or will utilise their superannuation savings.

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AON Hewitt

AON128QW: Insurance premiums

- a. Have you ever deducted insurance premiums from fund members for insurance policies that they are not covered by?
- b. Have you ever completed an audit to identify if insurance premiums have been deducted from fund members for insurance policies that they are not covered by?

Answer:

- a. We have not knowingly deducted insurance premiums from Fund members for policies that they are not covered by. However, we rely on the quality and completeness of the information provided by the employer and/or member to ensure the correct cover has been provided. This includes:
 - Providing correct salary and advising us of changes in salary
 - Providing correct occupation ratings (white collar, blue collar etc)
 - Providing employment status and advising us of changes in employment status in a timely manner e.g. changes in hours worked, change to casual employment
 - Providing termination notifications in a timely manner

There have and will be instances where a member has notified the Fund of their intent

to make a claim and the member is found not be eligible for this cover. In these instances, any premiums deducted during the period the member was ineligible will be refunded to the member's account.

- b. Yes, there has been an audit with respect to income protection cover. We identified that members may have terminated employment and therefore may no longer have been eligible for income protection cover. We identified this by reviewing their contribution history. We wrote out to the members and employers to determine their employment status, as they may not have terminated but may instead have been on leave without pay or elected choice of fund. This audit continues to be performed on a quarterly basis, and we write to members identified in our audit to alert them

to the risk that they may not be covered for income protection if they have terminated employment. Where either the member or employer notifies us that the member has indeed left employment and was no longer covered, any premiums deducted post their date of termination are refunded back to the member's account.

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AON Hewitt

AON129QW: Material distributed to members

- a. Have you ever distributed materials to members that state and/or suggest that:
 - i. members have coverage under insurance policies that they do not have?
 - ii. members are required to keep a minimum balance in their superannuation fund?
 - iii. their employer may be unwilling to contribute to another superannuation fund?
 - iv. members require a statement of any kind from their employer to move away from your fund?
- b. Have you ever completed an **audit** of materials distributed to members that state and/or suggest that members have coverage under insurance policies that they do not have?
- c. Have you ever completed an **audit** to establish whether you have distributed materials to members that state and/or suggest that:
 - i. they are required to keep a minimum balance in their superannuation fund?
 - ii. their employer may be unwilling to contribute to another superannuation fund?
 - iii. they require a statement of any kind from their employer to move away from your fund?

Answer:

- a)
 - i. No. We provide automatic group life insurance and income protection insurance cover (subject to the PMIF eligibility rules) based on the information provided to us by the participating employer at the time the employer enrolls the member to the fund (as their 'default' super fund). We endeavour to provide everything we can to our members in their Welcome Pack, online personal homepage, and Annual Statement, to enable them to make an informed decision about their insurance cover: Whether that is turning it on (under the PMIF rules) or turning it off. We also provide prominent information about eligibility for cover if the member's occupation changes or works in a hazardous occupation. Our communications provide clear instructions about how to cancel insurance cover. We also offer our 'smartCoach' service to discuss insurance needs and explain their insurance cover. This service provides intra-fund advice at no additional cost to members. In any circumstances where insurance cover has been incorrectly applied to the member's account, insurance premiums are refunded to the member.
 - ii. No. Note however our standard withdrawal form (the benefit payment request) provides the member with an option (*Option 2*) to keep a balance of at least \$5,000 in their smartMonday superannuation account if they want to continue their insurance cover and/or maintain their account. Otherwise they are free to withdraw/rollover the full amount (*Option 1*).
 - iii. No.

iv. No.

b. The fund continuously reviews its materials, and in the last 3 years have undergone extensive, rigorous review for the following Government and industry initiatives:

i. PYS/PMIF;

ii. Insurance code of practice (ongoing since 2019);

iii. Product Disclosure Statement (PDS) updates. There have been 4 major updates to our range of smartMonday PDSs since November 2018, including PYS in 2019, and PMIF/Insurance code in 2020, and ongoing);

iv. Annual statements undergo rigorous review annually for the latest developments, including PYS in 2019, and PMIF/Insurance code in 2020 and ongoing;

v. PYS/PMIF letters - including Welcome letters, Insurance Commencement letters, Inactivity/Cancellation/RightToCeaseCover letters, and other related letters. All have been reviewed since PYS in 2019 and continue to be reviewed through 2020 and 2021 for the latest developments and guidance;

vi. Our new website and online member personal homepage was released in late-2020 providing vastly improved visibility of a member's insurance cover. We will continuously improve this function.

c.

i. No, we have not done an audit specifically on this topic

ii No, we have not done an audit specifically on this topic

iii. No, we have not done an audit specifically on this topic

However, in addition to the above insurance audits, we did a complete audit and rewrite of all our communication material including administration letters and scripts for our rebrand to smartMonday in 2017. All documentation was required to be signed off by member experience, product, marketing, compliance and legal subject matter experts in that order before it could be put in use.